

QUARTERLY REPORT TO THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE

On

State Plan 2002: Blueprint for Change

Session Law 2001-437

January 25, 2003

This is the fourth quarterly report submitted to the Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services (LOC), pursuant to the requirements of Session Law 2001-437. As in previous reports, major developments in implementation of system reform are presented first with the specific report items contained in the statute immediately following. A brief summary of major developments within the quarter is placed at the beginning of the report and a discussion of problems or barriers to reform is included in the main document on page nine.

System reform continues to move steadily forward. Most Area Program/LME's in the Phase I group submitted drafts of their full Local Business Plans at the first of the year. Those in Phases II and III sent in first half submittals as required. Plans are under review by a selected panel using criteria listed later in this report.

Several new Communication Bulletins have been issued during this quarter. Each Bulletin provides important information on various aspects of the reform, including both policy and procedural decisions. More details can be found on page 3.

The Division reorganization is progressing. Christopher Phillips has been selected as head of Advocacy and Customer Relations and began employment on 1/13/03. Team leader position postings have now closed and interviews of applicants will be completed by 2/21. The full reorganization document is located on the Department website. .

Monies from the Mental Health Trust Fund have been allocated to continue the planning and development of community-based services. Administrative, operational processes and financing recommendations are under study by the Technical Assistance Collaborative, Inc, (TAC) and Pareto Solutions, Inc. Reports and recommendations are expected in March.

Division Reorganization

The Division continues to develop and implement its reorganization. The final member of the Executive Leadership Team (ELT), for Customer Relations and Advocacy, has been selected and is scheduled to begin work with the Division on January 13th, 2003. Christopher Phillips, of Wilmington, holds a B.A. in English from the University of North Carolina – Wilmington and an MA in Counseling from Webster University, Myrtle Beach, SC. He is a Certified Criminal Justice Specialist and Master Addiction Counselor. Chris has more than 13 years of experience in substance abuse counseling and treatment. He has worked as a substance abuse treatment specialist with the State Department of Correction in Eastern North Carolina since 1990 and currently serves as the Director of a 50 bed Residential Treatment Program at the Duplin Correctional Center in Kenansville. Appointment letters for Chris may be reviewed on the Department website.

Management Team: Each section of the Division is headed by a Section Chief who, in turn, will be supported by team leaders in specific areas of section responsibility. Position descriptions for each team leader have been developed and posted for recruitment within the department. These postings have now closed and interviews will be completed by 2/21/03.

Documents relating to the reorganization are available on the Department website for review. The role, function and organizational expectations for each section, team and staff are included. Reading the entire document will give much insight into the organizational goals envisioned through the reorganization. For your convenience, a very abbreviated synopsis of the role and function of sections and teams along with the number of FTE's per team is appended to this report.

Local Systems Development

Information and Technical Assistance: The Division continues to present information on system reform to consumers and families, providers, public and private agencies and other system stakeholders. Throughout the last quarter Division staff made presentations to or attended meetings with numerous organizations including:

- Provider Relations Committee
- Interagency Coordinators Council
- Outerbanks Conference – ADC of NC at Atlantic Beach
- UNC Sheps Center
- NC Providers Council Conference
- NCCCCP Conference
- TAC Stakeholders Meeting
- SE Area Program – Lumberton Public Forum
- Durham Area Program
- Providers Council Neuse/Onslow
- MHDDSAS Commission
- UNC School of Social Work

- Variety of intra governmental and departmental meetings focused on reform issues
- Information meetings regarding hospital downsizing where held in Raleigh, Goldsboro and Morganton.

Communication Bulletins: Two new technical bulletins were issued during this quarter. Communication Bulletin #003, *Management of State Plan Target and Non-Target Populations* on October 28th, 2002, and Communication Bulletin #004, *Housing Resource Development and Local Business Plans*, on November 21st, 2002. For the convenience of the Committee, both documents are appended to this report.

Two additional bulletins were posted concurrently with the preparation of this report. Communication Bulletin #005 *Questions and Answers for County Commissioners/Managers*, and Communication Bulletin #006, *Community Hospitals*. In the interest of providing the most timely information, copies of these two documents are also appended to this report.

Four additional Bulletins have been drafted and are under review and comment preparatory to statewide publishing. These documents will deal with issues surrounding best practices in mental health, Child and Family Advisory Committees (CFAC), case management versus service management, and a paper on overall procedural issues relating to reform. Copies will be included in the next quarterly report. Those wishing a quicker review can find them on the DHHS website where all Communication Bulletins are posted as soon as they are released.

Division Technical Assistance Team: This group provides assistance to specific Area Programs as they develop the various components of their local business plans. TA staff also help with finding answers to questions about reform or supplying other information needed by Area Programs in their planning for implementation.

North Carolina Council of Area Programs Annual Conference, 2002: The Council's annual conference focused entirely on issues pertaining to system reform, offering numerous workshops and seminars featuring practical approaches to local systems development. A sampling of these topics included the following:

- Building Consumer-Run Organizations
- Building the Provider Network: Divestiture and Fair Competition, Practical Steps for Starting a Private Provider Agency,
- Executive Leadership and Decision Making during System Reform,
- Housing: The Foundation for Best Practice,
- Implementing a Competency-Based System in North Carolina,
- Managing a Provider Network for Prevention and Other Substance Abuse Services,
- The Financial Functions of a Local Management Entity
- Understanding the Counties Roles/Responsibilities for MH/DD/SAS System Reform.

NC County Commissioners Association: training on system reform has been planned for February for county managers and new commissioners. The meetings will be held in three areas of the State, Lenior on the 19th, Raleigh on the 20th and Greensboro on the 21st, focusing on where the State is currently in system reform, transition steps to full implementation,

understanding target populations, and the importance of having consumers and families actively involved in the reform process. Additional topics of interest to county government will include and overview of the local business planning process, discussions of liability, cost and issues of particular interest and concern to constituents.

Local Business Plans

In accordance with the requirements of the reform statute and instructions provided by the Department to counties and area programs, local business plans were submitted to the Department on January 2, 2003.

The Executive Leadership Team (ELT) has assigned a group of five staff and two consumer/family representatives to review all of the complete Local Business Plan submissions for Phase I implementation. This core group will receive training and a template to guide the review by Chris Thompson, a consultant with expertise regarding LME functions and service reform. It is anticipated that the phase I reviews will be completed by early February. Initial plans for Phase I, II, and III, are being assigned to one of five additional teams that will focus on comparing the response in the Local Business Plan to the required element in the template and offering suggestions and/or recommendations for inclusion in the final submission due April 1. Review teams will focus their review and comments on the following:

1. The degree of Consumer and Family Advisory Committee (CFAC) involvement in plan development,
2. Planning - involvement of the community, identification of target populations, the adequacy of the needs assessment, identification of gaps in service,
3. Mission - is the proposed LME mission consistent with the reform and is the mission's theme common throughout the document,
4. Best Practices, Administrative – does management understand the functions of an LME; is there a consolidation plan if required,
5. Best Practices, Clinical – has the area program begun the process of identifying clinical practices to assure the services they offer are the most appropriate.

Finance and Information Technology sections of all local business plans have been assigned to the respective experts within the Division.

A full discussion of the Local Business Plans and their reviews will be included in the next report.

Services and Programs

Renovation and Expansion of ADATC's: Since the last quarterly report, Theresa Edmondson has been appointed Director of the Walter B. Jones facility. The directors and selected staff of the ADATC's have been holding joint conference meetings on a monthly basis to discuss state plan implementation issues regarding the Crisis/Detox units and other programmatic changes. Each facility has hosted one meeting focusing on their unique characteristics. Progress on several key issues is as follows: Initial staffing proposals and operational cost projections are

under study by Division administration. Attention is focusing on the Butner project since it will be completed and open during this fiscal year. Construction drawings are complete and under review by the Department of Insurance (DOI). The project bid should be let by the end of January 2003. Construction drawings for the Julian F. Keith facility are complete and will be submitted to Department of Facility Services (DFS) Construction and DOI by the end of January 2003 with a projected bid let date of mid-February, work to begin approximately April and completion in October.

A sub-committee of staff members at each facility is reviewing current admission and triage protocols at each facility with an eye toward developing one standard set to be used by all. Additionally, advice will be sought from the Office of the Attorney General relating to involuntary commitment processes and liability issues associated with patient referrals to higher levels of care.

Another group is exploring staff training needs in connection with best practice models for therapeutic engagement and treatment. The joint conference has already hosted two presentations on electronic record keeping and exploring methods for meeting record keeping requirements in the most efficient ways possible.

Expansion of Community Capacity and Hospital Downsizing Activities

Mentally Ill Adult and Elderly Individuals: Plans developed by local programs during the last quarter have been reviewed. Local plans varied based on the unique needs of each area as hospital units are scheduled for closing to assure that each person will have appropriate services and supports on community re-entry. Plans especially considered the documented needs of adult and elderly residents of State Hospital units that were developed through the Olmstead assessment and planning process.

Funding to Support Expansion of Community Capacity: Most local program plans and budgets to increase community capacity have been approved. Allocations are being processed to provide start-up funding needed for the development of services this fiscal year. Bridge/start-up funding allocations of \$4 million from the Mental Health Trust Fund will be completed by the end of January, 2003.

Local program plans and budgets also addressed the annualized operational funds needed in FY 03-04 to continue services started earlier or expanded this year. State mental health funds of \$7.8 million, previously supporting State hospital beds/services are being transferred to community programs. The total value of the expanded community-based services in FY 03-04 will be approximately \$12.4 million when anticipated Medicaid receipts are taken into account.

Individual Plans and Monitoring of Satisfactory Community Re-entry: Person-Centered Plans are developed for each individual returning to community from hospital services planned for downsizing. Each individual plan is to be approved by the State prior to discharge. State monitoring of satisfactory community re-entry will include: review of discharge plans prior to leaving hospital, monthly visits to local programs by Division staff, review of consumer

outcomes by Division staff during visits, review of monthly summaries of services used by each individual discharged as part of plans to downsize State hospitals.

Enhanced Behavioral Care in Nursing Facilities: The Division plans to issue a request for applications to develop an enhanced behavioral health level of care in February. When applications have been received and facilities are selected, these specialized services would provide an appropriate level of care for some individuals currently residing in the certified nursing units at Cherry hospital.

Public Information Meetings: Community meetings have been scheduled to discuss the expansion of community services for adults and older adults who will be returning to community from hospital. Division staff will outline the schedule, process and funding for bringing up needed community-based services and supports. To encourage attendance by consumers and family members, meetings will be held during the evening from 5:00 to 7:00 PM on January 15th in Raleigh, January 21st in Goldsboro and on January 23rd in Morganton.

NC System of Care Demonstration Projects: Service testing was completed at the remaining three NC Faces sites. These are: Blue Ridge, Cleveland and Guilford. Sandhills, the 4th site had already undergone testing last April. The four NC Faces sites include nine counties. Service testing is a process used around the country to determine how well System of Care is functioning within a particular community. Service testing measures key system functions such as mental health services, education, and child welfare services to see what results are found in a sampling of children and families. Information is obtained through multiple sources by trained reviewers. Information is collected about areas such as family living situation, emotional condition and level of functioning. Facts are also gathered about how effectively the system carries out its functions such as assessment, service planning, case management and others. This process provides a snapshot of how well the service delivery system is working.

The Division has also received word that North Carolina has been selected to receive federal funding to support state-level communication efforts around promoting System of Care philosophy and practice. System of Care demonstration site projects promote the full partnership of families in planning, developing, managing and evaluating local services for children and adolescents.

Whitaker School: All children currently at Whitaker as well as those on a wait list have been assessed to determine their needs for community placement. The Whitaker RFA was awarded to a company in New Bern, NC, who subsequently decided not to contract with the State to build an Eastern Whitaker-like Level IV group home. The FYCASSP (Family/Youth Comprehensive Array of Supports and Services Plan) was developed with family and advocate input to address both the Whitaker and state hospital bed closure issues. Solicitation from in-state and out-of-state providers is currently underway to attract better-known providers for this purpose. To date, seven in-state and out-of-state providers have shown an interest in starting not only Level IV facility, but also developing an array of community services of which Level IV would be a part of a comprehensive array of in-home and residential supports, services and treatments. Technical Assistance Collaborative has been given the charge to develop service definitions, rates and other administrative areas which will support an array of in-home and crisis stabilization capacity

locally. This comprehensive planning will provide the foundation for building community capacity required to transition Whitaker closing in a more smooth manner.

ASAM Service Continuum: A draft of the ASAM Service Matrix was finalized by the Division and presented on October 30, 2002 at the quarterly substance abuse directors meeting sponsored by the NC Council of Community Programs. The Matrix delineates which levels of care are designated to be locally accessible by each LME and those to be regionally shared by several LME's. Area Program participants were asked to review the Matrix and forward comments to the Council. On going training in ASAM placement principles to Area Program and contract providers continues to be offered by the UNC School of Social Work Behavioral Healthcare Resource Program. The Division has integrated planning for Prevention Services for Selective and Indicated populations in the Integrated Payment and Reporting System (IPRS) within the parameters of the ASAM Level 0.5 for Early Intervention.

A special crisis/detox initiative is being piloted through the Catawba Area Program to expand levels of detoxification capacity in the Western Region. Catawba will triage referrals and purchase detox bed days for Catawba and Crossroads consumers in facilities operated by Foothills, New River, Frye Regional Hospital, and Catawba Memorial Hospital. The pilot will be evaluated at the end of this fiscal year and possibly expanded based on the results.

Prevention Services Reflecting Best Practice: A menu of evidence-based practices has been researched and submitted to the Center for Substance Abuse Prevention (CSAP) for review. The State has been assigned a new project officer for the Substance Abuse Prevention and Treatment Block Grant (SAPTBG). After that staff transition is fully achieved, NC will expect some movement on the review of the menu.

A group of prevention experts have met to review key elements needed for an outcomes-based system. Since the federal government will be approving "core performance measures" to be included in the Block Grant, this process is on hold so that the NC system is consistent with federal requirements.

The rules commission has approved the language for the "Qualified Substance Abuse Prevention Professional.

Olmstead Plan: All residents of the State hospitals and mental retardation centers have been assessed to determine their needs for community based services. Person-Centered Plans identifying needed resources are in place or being developed for each individual. As needed resources become available, individuals are placed within community and followed up to assure that both natural and specialty supports identified in each person's plan are indeed meeting the individual's needs. As reported earlier, monies from the Mental Health Trust Fund have been allocated to selected areas for community services development.

Administration and Infrastructure

Integrated Service Definition Manual: A Division work group has collected all service definitions currently used for billing MH/DD/SA services – Medicaid and Non Medicaid – in

order to have all services collected in one place for IPRS billing purposes. The Non-Medicaid services include general Pioneer definitions, as well as MR/MI (Formerly Thomas S.) definitions, and CTSP (formerly Willie M.) definitions. All such definitions have been put into a common format, to consolidate where possible (e.g., if there were found two or more definitions which were essentially the same but were being billed to different funding sources). The group has also compiled a list of those areas where actual content needs to be updated or changed. This consolidation can now be integrated effectively into the work currently underway by the Technical Assistance Collaborative, Inc, and Pareto Solutions, Inc.

Financing: The Division is continuing its work with the Technical Assistance Collaborative, Inc (TAC) and Pareto Solutions, Inc., to develop (a) recommended changes in system financing, and, (b) development of both LME and service cost models. Based on current task completion projections, the Division anticipates the draft system financing recommendations during March and the draft LME and service cost models also during March.

In addition to these financing and cost modeling activities, the Division continues to work with Robin Cooper on potential changes in the CAP/MR-DD waiver. CAP/MR-DD waiver activities are being coordinated between Ms. Cooper and TAC, Inc.

Other administrative processes, including products developed last year by state work groups, are also under review by (TAC) and Pareto Solutions, Inc., in order to assure that operational practices and financial models are consistent with each other and that any possible unintended consequences are identified.

Mental Health Trust Fund: As noted earlier under community based planning for mental health, approval has been obtained from the Office of State Budget and Management to transfer \$4,081, 548 for allocation to area programs during the current year. These resources are designated 100% to increase community based service capacity in advance of the closure of approximately 175 State hospital beds by June 30, 2003.

Integrated Payment and Reporting System (IPRS): During the last quarter 11 new Area Programs began using the IPRS. During the month of December 81,000 claims were processed paying out over \$5 million to the 13 area programs presently on the system. Denials due to missing rates for services has been the biggest issue. Streamlining the rate process and focusing additional resources on the problem is beginning to show improvement. Statewide implementation continues on schedule for June 30, 2003.

Decision Support System (DSIS): The Decision Support System is a new system designed to increase and support data-driven decision making. Access to timely, accurate information makes the difference between relying on the intuitive method (guessing) or being able to make an informed decision based on known facts. During the last quarter the first round of training in the use of the system began. Training of Area Program staff is scheduled to begin in January.

Barriers to System Reform

This new section of the report will identify barriers that affect the implementation of mental health reform. The identified barriers will be addressed in the upcoming quarter and progress updates and/or new items will be added in subsequent reports. This is not intended to be a conclusive list.

1. There is a high volume of rules, regulations and general statutes. This large number of rules/statutes impedes implementation due to the time constraints of reviewing and exploring their impact on system reform and the lengthy administrative process of formal change.
2. Current financing structures impede local ability to move funding to appropriate categories. Many dollars are appropriated or allocated for specific categories, thereby preventing or obstructing their use for more general program costs. The Division is requesting that MR/MI and CTSP appropriations be allocated to the overall child mental health and child/adult developmental disabilities budgets as a first step. With the implementation of IPRS and target populations, the necessary safeguards will be in place to assure the ongoing funding of services to these consumers while also allowing for more flexibility to meet community needs.
3. Current cost finding and cost settlement procedures do not reflect the new financing strategies. The Division is fully dedicated to funding accountability; however, the methodologies used should result in useful, accurate information.
4. Statutory changes will be required regarding confidentiality to reflect changes in HIPPA, IPRS implementation and the acknowledgement of county programs in the statutes where confidentiality is cited.
5. Local business plans submitted by some Phase I programs have identified ways to enhance reform implementation. Before moving forward with statewide implementation on their ideas, piloting will need to occur. Legislation to pilot alternatives to existing statutes/rules will be introduced. The request will be limited to specific areas, identify the specific rule/statute and will include appropriate safeguards.
6. Due to implementation demands request is made to submit written reports every six months. Given the close relationship with the LOC staff and the verbal report given to the LOC at each regular meeting, communication about system reform progress will be adequate.

Session Law 2001-437, Section 3 Reporting Requirements

Pursuant to the requirements of Section 3,(a), the status of remaining items listed in Section 3,(a),1-9 are:

Section 3,(a),(3), Oversight and Monitoring Functions:

Monitoring protocols and tools are being developed collaboratively with all stakeholders, and rules for implementation are expected to be developed for implementation in July 2003. Additionally, pursuant to SB163, area authorities or county programs are responsible for monitoring the provision of mental health, developmental disability and substance abuse services

for compliance with the law in cooperation with the Department. These activities are part of a spectrum of quality assurance activities. Monitoring protocols are under development along with other aspects of a systemwide quality management program. These functions are part of the overall project managed by the Department for SB163.

Section 3(a),(4), Service Standards, Outcomes, and Financing Formula:

As noted earlier in this report, these items remain under study and development by TAC and Pareto Solutions, Inc.

Section 3,(5), Format and Content of Business Plans, Method of Evaluation:

Method of evaluation was covered earlier in this report.

Section 3,(a),(8) Consolidation Plan, Letters of Intent:

As noted in the last quarterly report, all letters of intent were submitted timely. A report on the number of voluntary consolidations will be submitted to the Secretary and the LOC by July 1, 2003. A further progress report will be included in the July 2004 State Plan Revision. If the remaining number of area/county programs exceeds 20, the Secretary will submit a consolidation plan to the LOC by December 31, 2004.

Section 3,(a),(9), Submission of Local Business Plans:

As reported earlier in this report all area/county programs have submitted partial or full local business plans depending on their respective phase-in schedule.